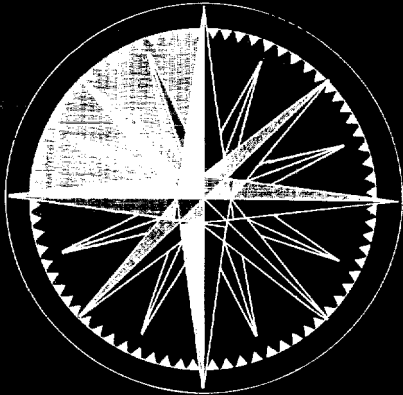


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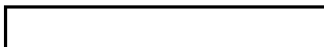
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# SPECIAL REPORT

DE GAULLE'S LATIN AMERICAN POLICY

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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## DE GAULLE'S LATIN AMERICAN POLICY

De Gaulle's visit to Mexico from 16 to 19 March and to South America in the fall are billed as exercises intended mainly to promote closer French economic ties with Latin America. Economics, indeed, will be on De Gaulle's mind during these travels, but will be subordinate to his pursuit of subtler, longer range political objectives. He will be aiming to reassert French presence in an area where the culture of France already has great prestige and probably hopes to encourage Latin Americans to assert their national independence more forcefully. If, as a consequence, the US is obliged to concern itself more with problems of the Western Hemisphere, all well and good so far as De Gaulle is concerned. As he probably sees it, such a development would give him a freer hand to operate elsewhere.

### Origins of Current French Policy in Latin America

France has always played an important cultural role in Latin America simply because the educated classes there have traditionally admired French civilization. Paris has sought to make the most of this situation. Of the 563 persons it has assigned to its aid missions in Latin America, 418 are designated as cultural-assistance personnel. The majority of them serve as secondary-school teachers whose main functions are to expand French language instruction and to maintain a French "presence."

Since World War II, France's cultural position has declined somewhat. This is due in part to the increasing interest in technology as compared with the humanistic culture with which France has long been associated. The French are acutely aware of

the trend and are energetically trying to build an "image" of France as a modern, technologically advanced society without, at the same time, losing any of the flavor of the old traditions. De Gaulle will probably give this line heavy play during both his trips this year.

Sharpening French interest in Latin America has been apparent since 1962 when De Gaulle sent out a fact-finding mission under Jean Chauvel, a trusted adviser. The mission, which visited seven countries, came up with a cautious recommendation for an expanded French economic and technical assistance program in the area. More French study teams have followed, and on 14 January 1964 the government's Commission on Foreign Assistance published a report urging a broadening of the French aid program outside the franc zone. This was followed by De Gaulle's statement at his

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31 January press conference announcing France's desire to develop closer economic relations with Latin America.

De Gaulle's trip to Mexico --which will also permit brief visits to the French overseas departments of Guadeloupe, Martinique, and French Guiana--is technically in repayment of President Adolfo Lopez Mateos' visit to France last year. The choice of Mexico as De Gaulle's starting point, however, also reflects a desire to squeeze every political advantage out of France's cultural influence there and out of Mexico's traditional concern over its "independence" from the US.

De Gaulle has been invited to visit almost all the other Latin American countries in the fall. His itinerary, which has not yet been completely firmed up, presently includes Argentina, Uruguay, Brazil, Peru, Ecuador, and Colombia.

France's Economic Position  
In Latin America

France's present economic interests in the area are modest. In 1962, total French investments in Latin America amounted to only \$350 to \$400 million; in no country did they account for as much as 10 percent of the total foreign investment.

French investors have generally favored the larger, more industrially advanced countries such as Brazil, Argentina, Colombia, Peru, Venezuela, and Chile. Some years ago the French provided a \$25-million credit for Colombia's Paz de Rio steel mill after the

World Bank had turned the project down. They have also put about \$50 million into Peru's iron and steel industry and approximately \$15 million into Chilean copper mining. More recently, Paris agreed to guarantee up to \$10 million in private French credits to finance a variety of Panamanian industrial enterprises; about a quarter of this has already been allocated.

Mexico, which is carried in French books as a good investment risk because of its economic and political stability, was the recipient in 1963 of one of Paris' largest economic commitments outside the franc zone. This was a package deal, involving government-guaranteed credits and government loans amounting to \$150 million, granted primarily for purchase of French equipment for Mexico's petrochemical and sugar industries. The agreement also established joint commissions whose functions are to recommend development projects Paris might undertake to underwrite and to make periodic reviews of the relations between the two countries in the commercial, financial, and technical fields.

France plays a relatively small role in Latin America's foreign trade. In 1962, France's exports totaled about \$297.7 million, and its imports about \$304.6 million. Even in the countries where it is economically strongest, it had a lower proportion of their total foreign trade than did Britain and West Germany.

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Plans for Increased  
Economic Cooperation

De Gaulle can therefore be expected to convey France's interest in expanding trade with Latin America. In this, he would be impelled in part by a desire to correct the recent slippage in France's over-all balance of trade and payments.

The technique for stimulating trade that Paris is most likely to use is the one of offering more government-guaranteed credits to cover purchases of French commodities, which will increase competition with US exports to Latin America. In terms of additional French aid, the \$150-million agreement with Mexico may have exceptional significance. The choice of Mexico and the form of the Mexican package is important because it demonstrates that France will probably orient its approach along the conservative line of concentrating on countries which are good credit risks and emphasizing loans over grants.

De Gaulle is unlikely to stress the subject of military assistance. However, the French have sold arms throughout the world, and Argentina has been an important buyer in the past. The French would be willing to supply more military equipment to other Latin American states although rather strict credit terms are likely to be maintained. Paris has no intention of assuming the full burden of supplying any Latin American

military establishment, but it would look upon even limited arms sales as contributing to the recipients' independence from the US.

Any increase in France's aid to Latin America probably will be primarily concentrated on scientific and technical assistance--partly to minimize the cost. The agreements for the peaceful use of atomic energy which France concluded with Brazil and Argentina in 1962 and 1963 are examples of this approach.

De Gaulle is known to prefer programs aimed at training indigenous peoples to help themselves, and has pointed to the need for the developing countries to improve their scientific knowledge. Hence, he will probably offer to send more technical assistance teams and secondary-school teachers to Latin America, and to increase the quota of Latin American students in France.

Finally, De Gaulle is likely to encourage the Latin American governments to draw up comprehensive economic development programs for themselves, but with a French accent. In particular, he will probably offer assistance in training cadres in interested Latin American countries in the French technique of flexible planning, as a way of aiding these countries in working out development plans.

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Political Aims

For De Gaulle, of course, political aims take precedence over economic objectives. It is probably too facile an analysis to surmise that De Gaulle's prime objective in Latin America is to bind adherents to a "third force." Even if he were not faced with the problem of increasing instability in Africa, where France has extensive commitments, his limited economic resources would make him cautious about indiscriminate pledges of aid in another area that is susceptible to sudden political upheavals. He is confident, however, that France can draw some advantage from fishing in troubled Latin American waters.

It is likely that the greatest advantage De Gaulle may hope to derive from increasing France's "presence" in Latin America is the prospect that it might help bring about a redirection of United States policies. He has made clear his conviction that the Atlantic alliance is breaking down and that US primacy should be more restricted to the Western Hemisphere. By the same token, he stakes out a similar position for France in Western Europe. Therefore, he probably reasons, French political influence in Latin America should be used to encourage situations that promise to absorb Washington's attention in its "natural" sphere of influence and away from Europe.

This approach is implicit in his reputed insistence that France is a model for countries determined to make a show of "independence." In a speech last September, for instance, he went so far as to say that the underdeveloped countries should detach themselves from the big power blocs. He is not saying "rally to France," but rather "look to your own interests," confident in the belief that France stands to gain if the "satellites" of the two great powers become increasingly self-assertive.

Relations with Cuba

There is presently no reason to believe that De Gaulle is contemplating a visit to Cuba on either of his trips. However, France is increasing its trade with Cuba; the latest figures show that French-Cuban trade during the first nine months of 1963 amounted to one third more than for all the preceding year.

The prospects are that trade between the two countries will continue on the upswing. This is because Paris is moving away from its policy of cooperating with the US to the extent of restricting trade with Cuba to cash sales. Paris is yielding increasingly to pressure from industrialists for government credit guarantees on exports to Cuba.

The French have also shown less willingness recently to defer to US wishes concerning

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the landing rights of Cubana Airlines in Guadeloupe. Paris has denied some landings while allowing others, and no firm pattern has emerged.

Outlook

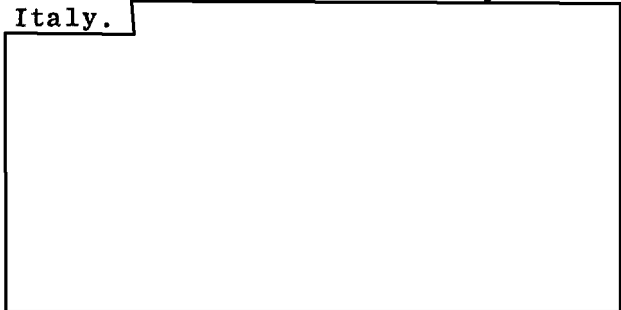
The Mexican visit seems bound to produce a considerable propaganda success for De Gaulle. In recent years, no European political figure of his stature has made a state visit to that country, and it is being awaited with great local anticipation. De Gaulle's recent global policy pronouncements, have produced a flood of unofficial statements from Latin American countries proclaiming him "the savior of the free world." Moreover, a French Foreign Ministry official has asserted that De Gaulle would be hailed as the "liberator" during his South American tour.

There is no doubt that De Gaulle's views, particularly those offering a third alternative to the two power blocs, will go down well with the Mexicans. He will probably strike this theme hard in his Mexican speeches and tailor his remarks to appeal to Latin America as a whole.

France, nevertheless, has considerable ground to cover before it can achieve a major "presence" in Latin America.

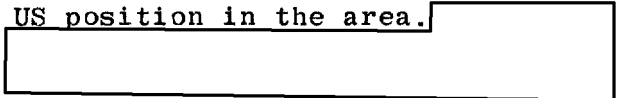
Standing in the way of a massive French trade and aid program are such important limiting factors as Paris' current policy of budgetary stringency, its shortage of technical assistance personnel, its extensive African commitments, and its difficulties in interesting private French capital to invest in Latin America.

De Gaulle probably will stress the advantages of a firmer connection with France as possibly leading to profitable ties with the Common Market and EEC members such as West Germany or Italy.



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De Gaulle may also promise French support for Latin American interests in the United Nations Conference for Trade and Development which opens in Geneva on 23 March. At every opportunity he is likely to emphasize the virtues of foreign aid extended by European countries with no political ambitions in Latin America, and to draw attention to its value in providing a counterbalance of sorts to the dominant US position in the area.



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